
Renewables Portfolio Standard (RPS)

Paul Douglas

CPUC

May 2, 2008



California's RPS Policy

The RPS Program requires all retail energy sellers to procure 20% renewable energy by 2010

- Original legislation (SB 1078, 2002) was 20% by 2017.
Accelerated targets effective January, 2007 (SB 107, 2006).
- All RPS-obligated retail sellers must procure an incremental 1% of retail sales per year until 2010
- 20% obligation continues post-2010
- RPS-obligated entities include: Investor Owned Utilities (IOUs), Energy Service Providers (ESPs) and Community Choice Aggregators (CCAs)
- Municipal utilities set their own targets and target dates, and may determine eligibility rules for their own RPS programs

RPS Procurement Process

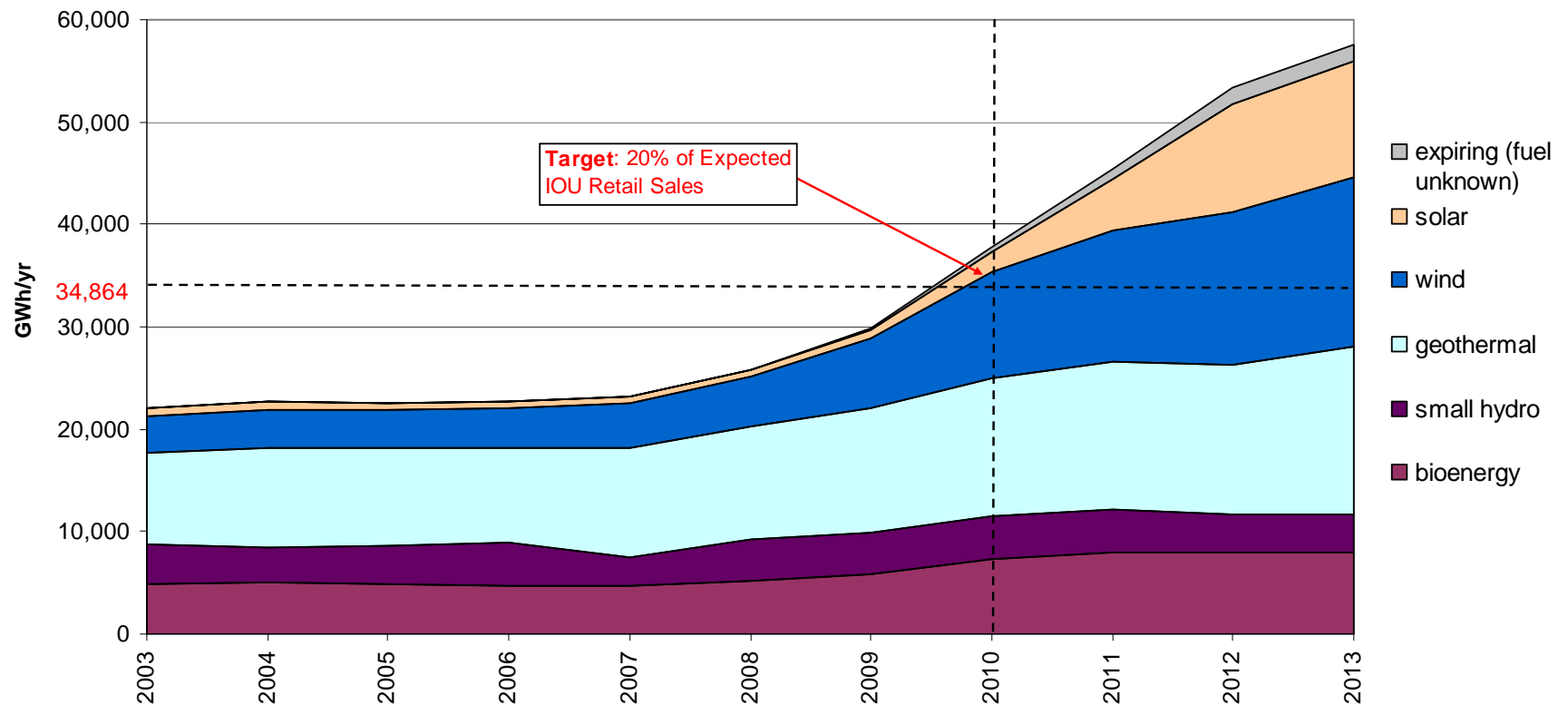
- IOUs develop, and CPUC approves, annual procurement plans
- IOUs hold annual solicitations
 - 5 RPS solicitations conducted
- IOUs rank bids pursuant to 'least-cost, best-fit' methodology
- Procurement review group (PRG) reviews shortlist
- Independent evaluator oversees bid evaluation and negotiations
- IOUs negotiate bids, execute contracts
- CPUC reviews and approves/rejects contracts

Progress Towards 20% RPS Target

- 82 contracts approved by CPUC
- 2007 estimated renewable deliveries for the large utilities:
 - Pacific Gas & Electric – 11.8% (9,047 GWh)
 - San Diego Gas & Electric – 5.2% (881 GWh)
 - Southern California Edison – 15.8% (12,465 GWh)
 - Total large utility RPS procurement – 13.0%
- Of the 57 approved contracts for approximately 2,000 MW of *new capacity*, 14 contracts for approximately 400 MW have come online

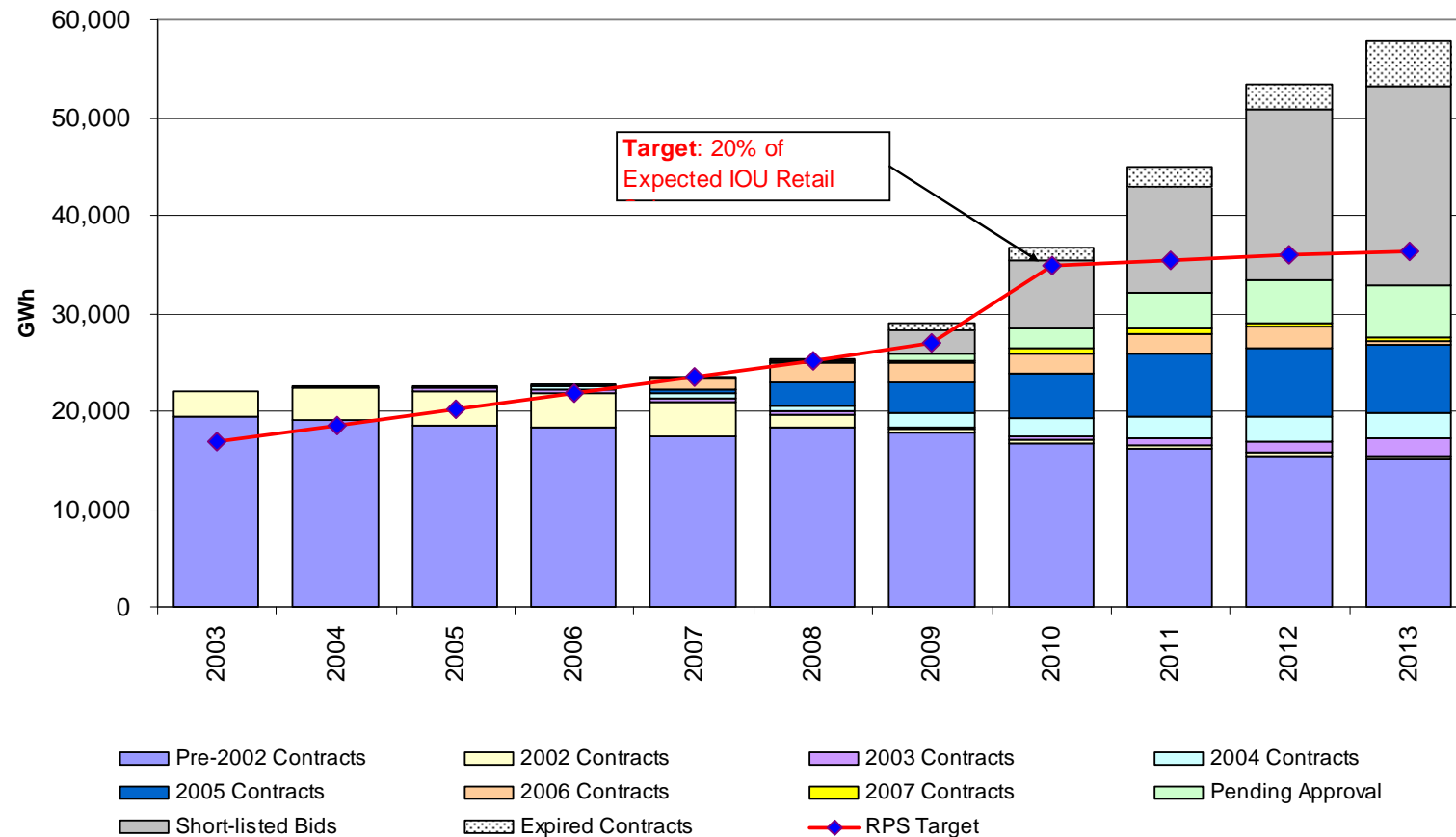
IOUs RPS Generation by Fuel Type

Approved, Pending and Shortlisted Contracts



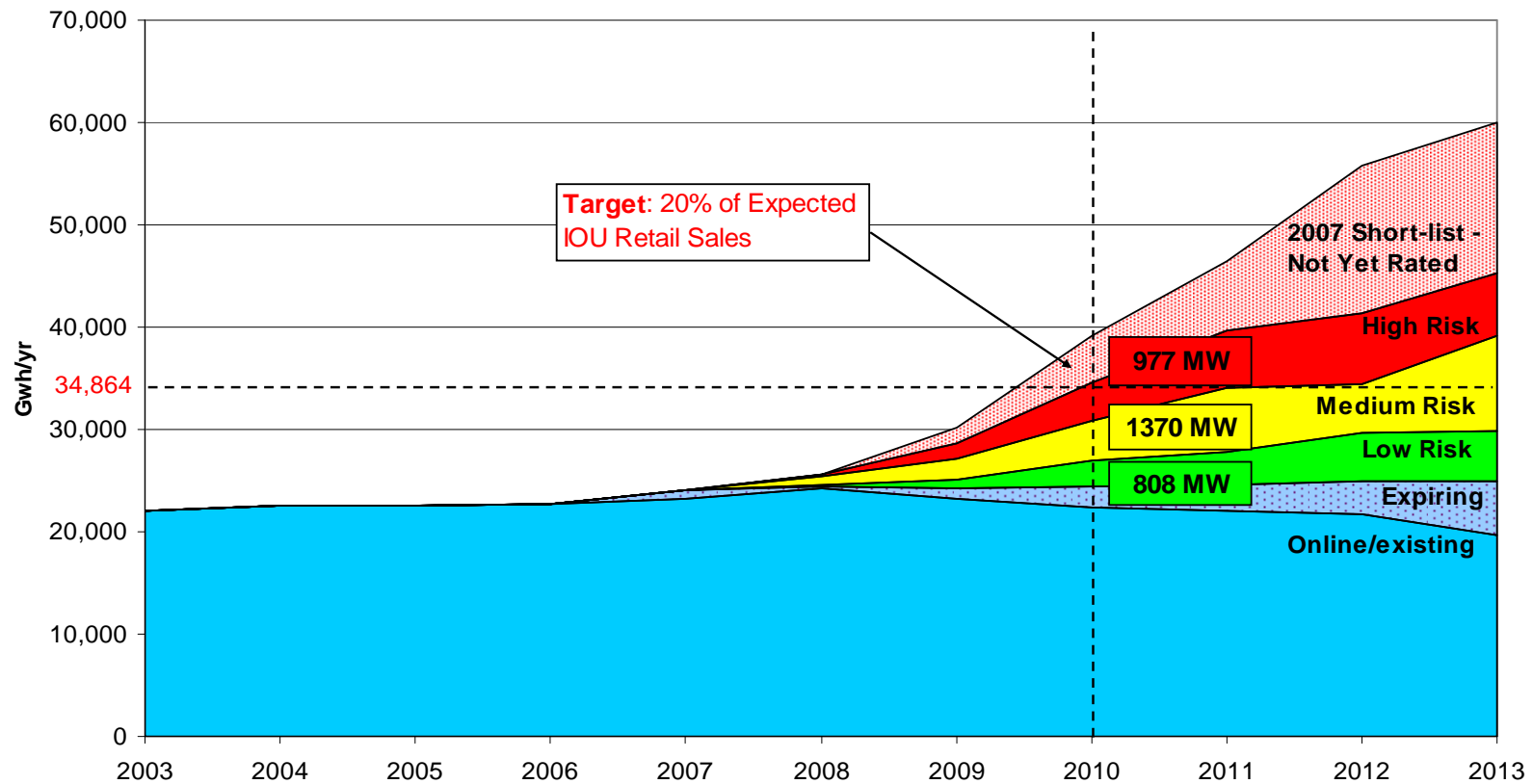
IOUs RPS Generation by Solicitation

IOU Actual and Forecasted RPS Generation



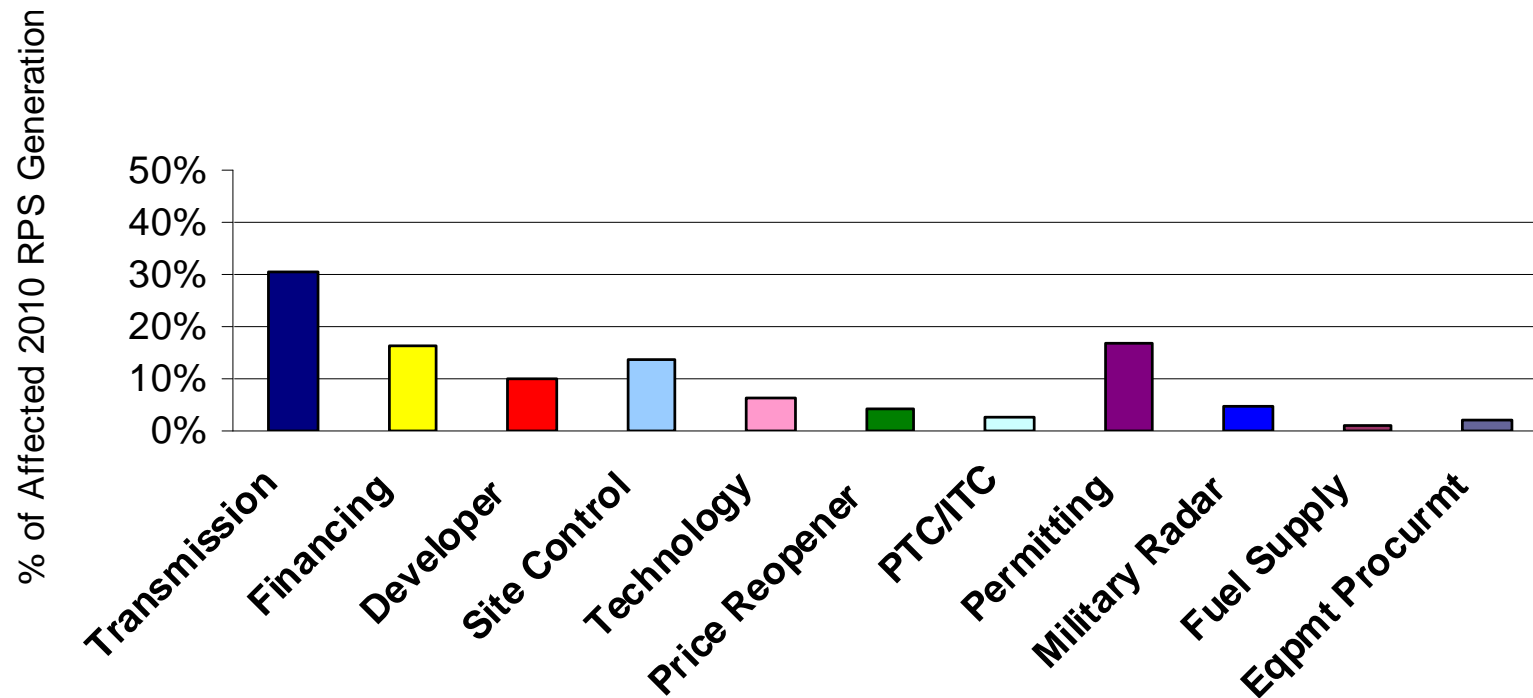
Project Viability a Concern

IOU Expected RPS Generation and Risk



Project Development = Major Risk

Risk Factors for 2010 RPS Generation



CPUC working on “20% by 2010” solutions

- Addressing transmission barriers:
 - Renewable Energy Transmission Initiative (RETI)
 - ISO Queue reform
 - Further streamlining of permitting process
- Increasing supply:
 - Feed-in tariffs (e.g., AB 1969)
 - Tradable RECs
 - Emerging Renewable Resource Program (ERRP)
- “Green Team” to work with relevant agencies in indentifying and removing project development barriers

33% by 2020 RPS Goal

- In 2005, the Governor called for an acceleration of the RPS program to 33% by 2020
- CPUC/CEC's Energy Action Plan II (2005) commits to examining the cost and implementation challenges of a 33% by 2020 RPS goal
- While the state is not mandated by legislation to reach this more ambitious goal, the Commission is working with the investor-owned utilities (IOUs) to evaluate to what extent this goal can be achieved
- Given the implementation challenges associated with the 20% by 2010 target, the 33% RPS goal could be difficult to implement